

## **Repayment Agreements**

**A. REPAYMENT AGREEMENT GENERAL CONDITIONS**

Repayment Agreement and Promissory Note are synonymous terms in this Plan.

Repayment Agreements are executed with families who owe the OCHA money.

Families may owe the OCHA money for unreported information which affected the assistance paid on their behalf to owners, or special claims (unpaid rent, damages, or vacancy loss) paid on their behalf by the OCHA to owners.

The OCHA will enter into one Repayment Agreement with a client at a time. If a Repayment Agreement has a balance due, the OCHA will not amend the Repayment Agreement. Any additional money owed will have to be paid in full until the Repayment Agreement no longer has a balance due. Families will not be allowed to move to another unit unless amounts owed have been paid in full, unless the move is directed by the OCHA personnel because the unit is overcrowded or under-occupied.

**B. REPAYMENT AGREEMENTS FOR SPECIAL CLAIMS**

If the OCHA enters into a Repayment Agreement, the maximum amount of a Repayment Agreement is \$2,500. If the amount owed is more than \$2,500, the OCHA will give the family an option to pay in full the amount owed in excess of \$2,500, plus the initial deposit, and enter into a Repayment Agreement for the difference.

If the OCHA enters into a Repayment Agreement, the Repayment Agreement will be set up as follows:

<u>Initial Payment</u>	<u>Amount Owed</u>	<u>Max Term of Monthly Payments Paid</u>
Total amount*	\$0-50	Date of Agreement
33% due*	\$51-1,000	6 months
25% due*	\$1,001-\$2,500	12 months

\*Due at the execution of the Repayment Agreement

If the tenant enters into a Repayment Agreement prior to the execution of their current HAP Contract and is in default, the termination of assistance procedures identified in Chapter 20.A. of this Plan go into effect in their current unit.

If the family has signed a Repayment Agreement after the execution of its current HAP Contract and it breaches the Agreement, the OCHA may terminate assistance to the family for the breach of the Agreement.

If the tenant enters into a Repayment Agreement after the execution of its current HAP Contract and defaults, the OCHA will require that family to pay in full or bring all back payments current, or be terminated.

If the tenant refuses to enter into a Repayment Agreement because of a claim for unpaid rent, damages, or vacancy loss, the OCHA will continue paying the HAP in its current unit, but the OCHA will refuse to issue a Voucher to move until the family repays in full the amount owed. The tenant has 120 days from the termination and transfer date to satisfy obligation. On the 121st day the family becomes ineligible to receive Section 8 Rental Assistance.

The OCHA must notify the family of the amount of its liability and inform them of the consequences if they do not pay.

The OCHA may take the family to Small Claims Court for payment when the family refuses to enter into a Repayment Agreement or is in default, but the judgment will not affect its assistance at the current unit.

**C. REPAYMENT AGREEMENTS FOR FRAUD/NON-REPORTING OF INFORMATION**

Whether a family will be allowed to enter into a Repayment Agreement with the OCHA depends on whether the OCHA considered the family in violation of a family obligation and whether the OCHA considered the violation willful and intentional (fraud) or whether the family owes the OCHA money for some other reason, such as a claim the OCHA paid on the participant's behalf.

If the OCHA determined that the family committed willful and intentional fraud, the OCHA may require the family to repay the entire amount in full and or have its assistance terminated, since willful intent to defraud will be considered a violation of a family obligation. In that case, the OCHA has no responsibility to enter into a Repayment Agreement restore the family's benefits, or allow the family to reapply. If the family's assistance is terminated and repayment has not been made, the money will still be considered to be owed and the OCHA may still take action to collect the amounts owed.

In determining whether the family violated this family obligation, the OCHA will determine whether the family supplied the information willingly at the annual recertification. If the family did not supply the information needed at annual recertification, its assistance may be terminated as a violation of a family obligation.

If the OCHA feels there was no willful intent to defraud or the family supplied the information regarding the prior violation willingly, the OCHA may enter into a Repayment Agreement for up to \$5,000 with the family (and the family would have to pay any balance due over the \$5,000 amount upon execution of the Repayment Agreement) while the family is in its current dwelling unit.

If the OCHA enters into a Repayment Agreement, the Repayment Agreement will be set up as follows and tenant must commence agreement within 60 days of notification:

<u>Initial Payment</u>	<u>Amount Owed</u>	<u>Max Term of Monthly Payments Paid</u>
Total Amount*	\$0-50	Date of Agreement
33% due*	\$51-1,000	6 months
25% due*	\$1,001-2,500	12 months
20% due*	\$2,501-5,000	24 months

\*Due at the execution of the Repayment Agreement

If the family then breaches the Repayment Agreement, thus violating the condition for continuation of assistance, assistance payments under the HAP Contract may be terminated after providing an opportunity for an informal hearing.

If the family refuses to sign a Repayment Agreement for changes required and failed to report this will be considered fraud. In this case, the OCHA would terminate assistance for fraud, as long as the amount was verified. The OCHA may also consider local prosecution and, if the amount is \$10,000 or over, forward the case to the Regional Inspector General for Investigation.

If the family's assistance is terminated and repayment has not been made, the money will be considered to be owed and the OCHA may take action to collect the amounts owed.

The tenant will be given an opportunity for an informal hearing prior to the termination of assistance, unless this repayment agreement was the result of a prior hearing decision.

**D. OWNER FRAUD AND PROGRAM ABUSE**

When the OCHA determines that the owner has retained Housing Assistance Payments to which the owner was not entitled, the OCHA will notify the owner, and immediately deduct amounts due from current and future Housing Assistance Payments owed the owner.

If the future Housing Assistance Payments owed are insufficient to reclaim the amounts owed after billing, the additional amount(s) will be referred to the Finance Department for collection.

The OCHA will use the HUD Handbook and the Fraud Addendum to this policy as a guide in dealing with owner fraud and program abuse.